

GILDA'S CLUB KANSAS CITY

FINANCIAL STATEMENTS

December 31, 2014

IFFT & CO. PA

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Gilda's Club Kansas City
Kansas City, Missouri

We have audited the accompanying financial statements of Gilda's Club Kansas City (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gilda's Club Kansas City as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Adjustment

As described in Note 8 to the financial statements, the Organization has reclassified net assets as of January 1, 2014 for the correction of the classification of certain net assets. Our opinion is not modified with respect to that matter.

IFF + Co. PA

September 10, 2015

GILDA'S CLUB KANSAS CITY
STATEMENT OF FINANCIAL POSITION
December 31, 2014

ASSETS

Cash and cash equivalents	\$ 67,120
Certificates of deposit	194,451
Grants receivable	8,280
Prepaid expenses	2,871
Property and equipment, net of accumulated depreciation	<u>12,976</u>
TOTAL ASSETS	<u>\$ 285,698</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 6,231
Accrued liabilities	<u>9,827</u>
TOTAL LIABILITIES	16,058

NET ASSETS

Unrestricted - undesignated	64,543
Unrestricted - Board designated	<u>188,500</u>
Total unrestricted	253,043
Temporarily restricted	<u>16,597</u>
TOTAL NET ASSETS	<u>269,640</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 285,698</u>
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The accompanying notes are an integral part of these financial statements.

GILDA'S CLUB KANSAS CITY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
UNRESTRICTED NET ASSETS			
Support and revenues			
Contributions	\$ 93,089	30,071	123,160
Special events	217,634	-	217,634
In-kind contributions	86,848	-	86,848
Interest income	5,403	-	5,403
Net assets released from restrictions	20,179	(20,179)	-
	423,153	9,892	433,045
Expenses			
Program services	381,702	-	381,702
General and administrative	44,576	-	44,576
Fundraising	129,115	-	129,115
	555,393	-	555,393
CHANGE IN NET ASSETS	(132,240)	9,892	(122,348)
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	196,783	195,205	391,988
Prior period adjustment	188,500	(188,500)	-
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	385,283	6,705	391,988
NET ASSETS, END OF YEAR	\$ 253,043	16,597	269,640

The accompanying notes are an integral part of these financial statements.

GILDA'S CLUB KANSAS CITY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 207,390	14,400	17,725	239,515
Payroll taxes	16,634	1,155	1,422	19,211
Employee benefits	20,106	1,396	1,718	23,220
	<u>244,130</u>	<u>16,951</u>	<u>20,865</u>	<u>281,946</u>
Program supplies	14,258	-	-	14,258
Postage	2,304	711	-	3,015
Licensed mental health contractor	10,820	-	-	10,820
Advertising and marketing	360	100	2,620	3,080
Office expense	1,639	1,117	2,135	4,891
Board and staff development	1,367	642	-	2,009
Depreciation	5,735	302	-	6,037
Dues and subscriptions	682	751	97	1,530
Affiliate licensing fee	5,500	-	-	5,500
Screening tool	3,500	-	-	3,500
Equipment repair and maintenance	1,129	242	242	1,613
Insurance	1,358	1,358	-	2,716
Meetings expense	40	96	-	136
Miscellaneous	-	460	-	460
Occupancy	26,370	1,388	-	27,758
Computer technology	520	111	111	742
Professional fees	360	14,288	-	14,648
Contract labor	507	508	-	1,015
Printing and copying	1,930	482	-	2,412
Telephone	859	859	-	1,718
Travel	2,094	1,250	-	3,344
Special events expense	-	-	75,397	75,397
In-kind expense	56,240	2,960	27,648	86,848
	<u>381,702</u>	<u>44,576</u>	<u>129,115</u>	<u>555,393</u>
Total	\$ 381,702	44,576	129,115	555,393

The accompanying notes are an integral part of these financial statements.

GILDA'S CLUB KANSAS CITY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (122,348)
Adjustment to reconcile change in net assets to net cash used in operating activities	
Depreciation	6,037
Changes in operating assets and liabilities	
Grants receivable	(8,280)
Prepaid expenses	(178)
Accounts payable	1,315
Accrued liabilities	<u>(163)</u>
NET CASH USED BY OPERATING ACTIVITIES	(123,617)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Reinvestment of certificate of deposit earnings	<u>(5,312)</u>
 CHANGE IN CASH	 (128,929)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>196,049</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 67,120</u>

The accompanying notes are an integral part of these financial statements.

GILDA'S CLUB KANSAS CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Gilda's Club Kansas City (the Organization) is a community based non-profit corporation. The Organization's mission is to ensure that all people impacted by cancer are empowered by knowledge, strengthened by action and sustained by the community. The Organization seeks to fulfill its mission by creating welcoming communities of free support for everyone – men, women, teens, and children – living with any type of cancer, along with their family and friends. The Organization's program is an essential complement to medical care, providing networking and support groups, workshops, education, and social activities. The vision of Gilda's Club Kansas City is that no one faces cancer alone.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets not subject to donor-imposed restrictions but may be subject to Board designations.
- Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time.
- Permanently restricted net assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets at December 31, 2014.

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

Cash Equivalents

The Organization considers all highly liquid investments purchased with initial maturities of less than three months to be cash equivalents.

GILDA'S CLUB KANSAS CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Certificates of Deposit

Certificates of deposit represent longer term cash reserves, with maturity dates of more than one year.

Grants Receivable

The Organization's receivables are due from grants and are recorded at amounts due, net of an allowance for doubtful accounts. Grants receivable are generally due at the donor's discretion. Grants outstanding beyond the time agreed are considered past due. The Organization determines its allowance by considering a number of factors, including the length of time grants receivable are past due, the Organization's previous loss history, the grantor's current ability to pay its obligations to the Organization, and the condition of the general economy as a whole. The Organization writes off receivables when they become uncollectible. At December 31, 2014, the Organization considered grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts was recorded.

Property and Equipment

The Organization capitalizes all significant acquisitions of property and equipment, which are recorded at cost or fair value, if donated. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets.

Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures that materially extend the life of an asset are capitalized.

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of these in-kind donations that exceed \$1,000.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on management estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

GILDA'S CLUB KANSAS CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Organization is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for income taxes has been included in the accompanying financial statements.

The Organization recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Organization is subject to income tax regulations in the U.S. federal jurisdiction and certain state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Organization is no longer subject to income tax examinations by the applicable tax authorities for the years before 2011. If any were to be incurred, the Organization's policy is to record penalties and interest assessed by income tax authorities as operating expenses.

Advertising and Marketing Costs

The Organization uses advertising to promote its programs and special events. The costs of advertising are expensed as incurred. Total advertising expense for the year ended December 31, 2014 was \$15,302, which included both paid and donated advertising. Paid advertising totaled \$7,742, of which \$3,080 was included in the advertising and marketing expense and \$4,662 was included in the special events expense in the accompanying statement of functional expenses. \$7,560 was donated advertising, which was included in in-kind expense in the accompanying statement of functional expenses. Also see Note 6.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through September 10, 2015, which is the date the financial statements were available to be issued.

GILDA'S CLUB KANSAS CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - TEMPORARILY RESTRICTED NET ASSETS

Net assets were temporarily restricted for the following as of December 31, 2014:

Noogieland program for children and families	
living with cancer	\$ 1,787
Breast cancer distress screening and support	<u>14,810</u>
	<u>\$ 16,597</u>

NOTE 3 - BOARD DESIGNATED NET ASSETS

The Board of Directors has designated certain net assets for reserve funds.

NOTE 4 - OPERATING LEASES

The Organization leases its office space under an operating lease expiring August 2018 with a monthly payment for common area maintenance charges, insurance and property tax only. The monthly payment associated with this lease was \$1,061 for the year ended December 31, 2014, which was included in the occupancy expense in the accompanying statement of functional expenses. The rent portion is donated. See Note 6.

The Organization also leases equipment under an operating lease expiring May 2018. Rent expense associated with this lease was \$1,200 for the year ended December 31, 2014, which was included in the printing and copying expense in the accompanying statement of functional expenses.

Future minimum lease payments under the equipment operating lease are as follows:

<u>Year ending</u> <u>December 31,</u>	<u>Amount</u>
2015	\$ 1,800
2016	1,800
2017	1,800
2018	<u>600</u>
Total	<u>\$ 6,000</u>

GILDA'S CLUB KANSAS CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2014:

Furniture and equipment	\$ 10,301
Software and other assets	5,000
Leasehold improvements	<u>18,568</u>
	33,869
Less accumulated depreciation	<u>20,893</u>
	<u>\$ 12,976</u>

NOTE 6 - IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the year ended December 31, 2014:

Office rent	\$ 59,200
Special event advertising	7,560
Special event venue	10,000
Special event catering	<u>10,088</u>
	<u>\$ 86,848</u>

NOTE 7 - RELATED PARTY TRANSACTIONS

The Organization is an affiliate of the Cancer Support Community (CSC), which strives to create welcoming communities of free support for everyone living with cancer. CSC provides the Organization with its program model and program development services in exchange for an administrative fee. Affiliate licensing fee expense was \$5,500 for the year ended December 31, 2014. During the year ended December 31, 2014, the Organization paid a licensing fee in the amount of \$3,500 to CSC for use of a distress screening tool. The Organization received \$6,550 of grant contribution revenue from CSC during the year ended December 31, 2014.

NOTE 8 - PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2014, it was determined that certain board-designated net assets should be reclassified from temporarily restricted net assets to unrestricted net assets. Accordingly, an adjustment was made to increase unrestricted net assets by \$188,500 and decrease temporarily restricted net assets by \$188,500 as of January 1, 2014. The adjustment has no impact on the reported change in net assets for the year ended December 31, 2013.